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L. Spruell

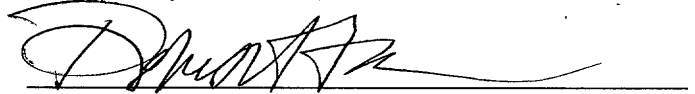
-1-

Plaintiff/Protestors have now conceded priority, as well as inventorship (see separate paper already submitted re: Final Judgment on Consent, as well as the documents herein). Hence, this submission, consistent with the policies of the patent law.

Reissue applicants and their assignee request, pursuant to the policy 35 USC § 135(c), that the enclosed "**be kept secret from the file of the interference and be made available only to Government Agencies on written request, or to any person on a showing of good cause.**"

A duplicate copy of the cover paper to the sealed papers is attached.

Respectfully submitted,



Robert H. Falk
Reg. No. 27,877

FALK & FISH, L.L.P.
P.O. Box 794748
Dallas, Texas 75379
Telephone: (214) 954-4400
Facsimile: (214) 969-5941

ATTORNEY FOR REISSUE APPLICANTS

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T02250 94/95E40

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ROBERT HARDY FALK, P.C.
RONALD C. FISH, P.C.

G. BYRON JAMISON, SPECIAL COUNSEL

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OFFICES IN DALLAS, TEXAS
AND SAN JOSE, CALIFORNIA

MAILING ADDRESS
P.O. BOX 794748
DALLAS, TEXAS 75379

January 25, 2001

VIA FEDERAL EXPRESS

Examiner Stephen Funk
United States Patent and Trademark
Office Group 2854
Room 9D35 - Crystal Plaza IV
Arlington, VA 22202

Re: Reissue Application Serial No. 09/315,796 to Davis and Williamson
Our File No. WILL 2501

Dear Examiner Funk:

Enclosed is a paper with a sealed envelope for filing pursuant to 35 USC § 135(c), as the issue of priority of the claims of the '363 was determined by the district court.

Respectfully submitted,



Robert Hardy Falk

Enclosure

cc: John P. Pinkerton, Esq.

RECEIVED
JAN 29 2001
TECHNOLOGY CENTER 2800

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JAN 29 2001
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09315795 652664
T09250 954546

Figure 1 consists of 11 sub-graphs, labeled (a) through (k), each showing the growth of *E. coli* O157:H7 in ground beef over a 120-hour period. The y-axis for all graphs is 'log CFU/g' ranging from 0 to 10. The x-axis is 'Time (h)' ranging from 0 to 120. Graph (a) is the control, showing a linear increase from 0 to 10 log CFU/g. Graphs (b) through (k) show the effect of various treatments, generally resulting in lower log CFU/g values compared to the control. For example, graph (j) shows a decrease from 10 to 0 log CFU/g, while graph (k) shows a decrease from 10 to 5 log CFU/g.

§ 87(2)(b)

Group Art Unit: 2854

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Examiner: S. Funk
J. Hilten

~~~~~

SSSS

I hereby certify that the following documents were served on Plaintiffs' counsel by delivering a true and correct copy thereof to the offices of Plaintiffs' counsel by depositing in first class mail on the \_\_\_\_\_ day of January, 2001, addressed as follows:

William D. Harris, Jr.  
LOCKE LIDDELL & SAPP, LLP  
2200 Ross Ave., Suite 2200  
Dallas, Texas 75201

1. **Submission of Settlement Documents Under 35 U.S.C. § 135(c)**

Robert Hardy Falk

09415736.DOC  
T09250 06/07/00





# United States District Court

Northern District of Texas  
Dallas Division

Notice of Orders or Judgments  
Fed. R. Civ. P. 77(d)

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Date: 01/23/01

To: John P Pinkerton  
1601 Bryan St  
30th Floor  
Dallas, TX 75201

Re: Case Number: 3:99-cv-01154

Instrument Number: 56

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Number of pages including cover sheet: 6

**ORIGINAL**

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

**PRINTING RESEARCH, INC.  
HOWARD W. DEMOORE and  
RONALD M. RENDLEMAN,**

**Plaintiffs,**

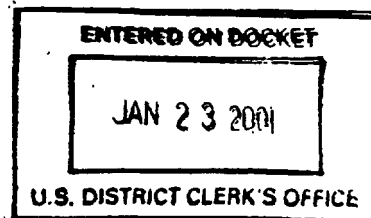
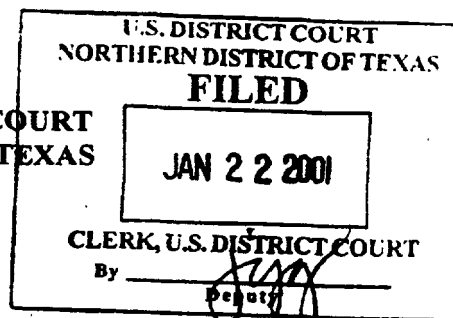
**v.**

**WILLIAMSON PRINTING  
CORPORATION, BILL L. DAVIS and  
JESSE S. WILLIAMSON,**

**Defendants.**

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**CIVIL ACTION NO. 3-99CV1154-M**



**FINAL JUDGMENT ON CONSENT**

On this date, came the parties in this action and announced, prior to trial and after having taken substantial discovery on the issues and claims in this action, that they had reached a settlement agreeing to entry of this Final Judgment on Consent, and the Court being of the opinion that this judgment should be entered as agreed to by the parties, it is hereby

**ORDERED, ADJUDGED and DECREED as follows:**

1. Plaintiff Printing Research, Inc. ("PRI") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
2. Plaintiff Howard W. DeMoore ("DeMoore") is an individual who resides in Dallas, Texas.
3. Plaintiff Ronald M. Rendleman ("Rendleman") is an individual who resides in this judicial district.
4. Defendant Williamson Printing Corporation ("WPC") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
5. Defendant Bill L. Davis ("Davis") is an individual who resides in Irving, Texas.

6. Defendant Jesse S. Williamson ("Williamson") is an individual who resides in Dallas, Texas.

7. For the purpose of this action, this Court has personal jurisdiction of PRI, DeMoore, Rendleman, WPC, Davis and Williamson.

8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1338 and 1367.

9. WPC is the owner of United States Patent No. 5,630,363 ("the '363 patent"). On May 20, 1999, WPC filed application serial number 09/315,796 in the United States Patent and Trademark Office ("PTO") to reissue the '363 patent ("the Reissue Application"), which is presently pending in the PTO.

10. The uncontroverted evidence in the record shows that, in June of 1992, Davis and Williamson conceived the invention described and claimed in the '363 patent.

11. The evidence in the record further shows that, on June 12, 1994, Davis and Williamson disclosed the invention of the '363 patent to Steve Baker ("Baker"), a salesman of PRI, telling him that they wanted to apply inks or coatings using the flexographic process upstream of or prior to printing with lithography in a continuous in-line process on an offset lithographic press and that they wanted to use a retractable, interstation printer/coater having an anilox roller and chambered doctor to perform the flexographic process, and that on June 15, 1994, Baker told John W. Bird ("Bird"), product manager of PRI, the information that Davis and Williamson had disclosed to Baker on June 12, 1994.

12. WPC entered into an agreement with PRI to provide to WPC a retractable, interstation flexographic printer/coater with an anilox roller and a chambered doctor.

13. Pursuant to DeMoore's request on July 7, 1994, Rendleman, who was employed by PRI, prepared drawings of the ferris wheel, retractable flexographic printer/coater shown in Figure 2 of the '363 patent. The ferris wheel, retractable flexographic printer/coaters

manufactured and delivered to WPC by PRI were paid for by WPC pursuant to the agreement between WPC and PRI.

14. On May 4, 1995, DeMoore, Rendleman and Bird filed U. S. patent application serial number 08/435,798 ("the '798 application"). The overlapping process disclosure common to the '798 application and the '363 patent and the Reissue Application originated from Davis and Williamson. The subject matter of unprosecuted method claims 24-35 of the '798 application, and narrower claims thereof, do not conflict with the '363 patent and the Reissue Application. Davis, Williamson and WPC do not claim inventorship of the claimed subject matter of claims 1-23 of the '798 application pending (allowed or on appeal) as of December 1, 2000, and the unprosecuted claims 24-35 of the '798 application, and any claims of U.S. Patents No. 5,598,777, No. 5,631,316, No. 5,960,713, and No. 6,116,158.

15. Plaintiffs no longer contend that they, individually, collectively or in any combination, is or are a sole or joint inventor of any claim of the '363 patent as issued or any of claims 1-87 of the Reissue Application pending as of December 1, 2000.

16. With respect to all claims of the '363 patent as issued and claims 1-87 of the Reissue Application pending as of December 1, 2000, priority rests in the inventive entity of Davis and Williamson and not in any entity consisting of one or more of DeMoore, Rendleman and Bird.

17. There was no fraud or inequitable conduct in the prosecution of the application that resulted in issuance of the '363 patent.

18. Based on the evidence in the record in this action, the information presently known to the parties, and the prior art and other information of record in the Reissue Application, all claims of the '363 patent as issued, and claims 1-87 of the Reissue Application, are valid, including being valid under the provisions of 35 U.S.C. §§ 102 (a), (b), (c), (e), (f) and (g) and 103.

19. Apart from the specific findings set forth herein, all claims and counterclaims of the parties in this action are hereby dismissed with prejudice.

20. The parties waive all right to appeal from this judgment.

21. Each party shall pay its own attorney's fees and costs.

22. This Court shall retain jurisdiction to enforce this judgment and the settlement agreement entered into by the parties with respect to this action.

SO ORDERED on this 22 day of January, 2001


  
BARBARA M.G. LYNN  
UNITED STATES DISTRICT JUDGE

APPROVED AND AGREED TO  
AS TO FORM AND CONTENT:

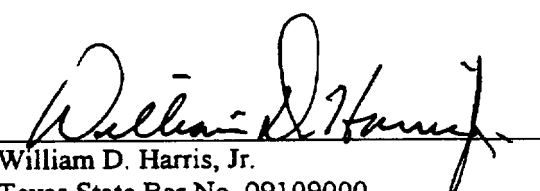
PRINTING RESEARCH, INC.

By: 

Dan L. Boyles  
Its: President

 1/16/01  
HOWARD W. DEMOORE

  
RONALD M. RENDLEMAN

  
William D. Harris, Jr.  
Texas State Bar No. 09109000  
L. Dan Tucker  
Texas State Bar No. 20276500  
Stephen D. Wilson  
Texas State Bar No. 24003187  
LOCKE LIDDELL & SAPP LLP  
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214.462.3299 (facsimile)

WILLIAMSON PRINTING CORPORATION

By: *Jesse S. Williamson*

Jesse S. Williamson

Its: President

*Bill L. Davis*  
BILL L. DAVIS

*Jesse S. Williamson*  
JESSE S. WILLIAMSON

John P. Pinkerton

Texas State Bar No. 1601670

David P. Poole

Texas State Bar No. 16123750

Robert J. Ward

Texas State Bar No. 00791879

WORSHAM FORSYTHE

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OF COUNSEL:

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Robert Hardy Falk

Texas State Bar No. 067956300

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# United States District Court

Northern District of Texas  
Dallas Division

Notice of Orders or Judgments  
Fed. R. Civ. P. 77(d)

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DALLAS DIVISION**

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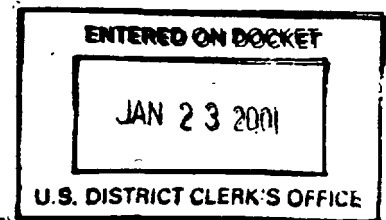
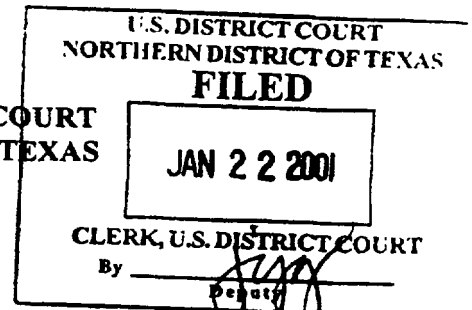
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**Defendants.**

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**CIVIL ACTION NO. 3-99CV1154-M**



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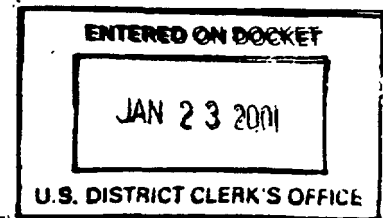
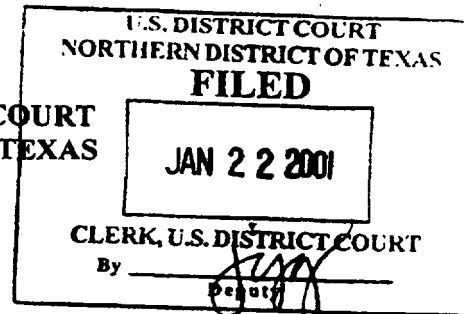
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**CIVIL ACTION NO. 3-99CV1154-M**



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19. Apart from the specific findings set forth herein, all claims and counterclaims of the parties in this action are hereby dismissed with prejudice.

20. The parties waive all right to appeal from this judgment.

21. Each party shall pay its own attorney's fees and costs.

22. This Court shall retain jurisdiction to enforce this judgment and the settlement agreement entered into by the parties with respect to this action.

SO ORDERED on this 22 day of January, 2001

  
BARBARA M.G. LYNN  
UNITED STATES DISTRICT JUDGE

APPROVED AND AGREED TO  
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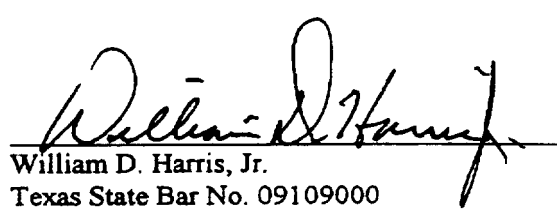
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Its: President

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ATTORNEYS FOR PLAINTIFFS

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Texas State Bar No. 19570550

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WILLIAMSON PRINTING CORPORATION

By: Jesse S. Williamson

Jesse S. Williamson

Its: President

Bill L. Davis  
BILL L. DAVIS

Jesse S. Williamson  
JESSE S. WILLIAMSON

John P. Pinkerton

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ATTORNEYS FOR DEFENDANTS

OF COUNSEL:

Robert Hardy Falk

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19. Apart from the specific findings set forth herein, all claims and counterclaims of the parties in this action are hereby dismissed with prejudice.

20. The parties waive all right to appeal from this judgment.

21. Each party shall pay its own attorney's fees and costs.

22. This Court shall retain jurisdiction to enforce this judgment and the settlement agreement entered into by the parties with respect to this action.

SO ORDERED on this 22 day of January, 2001


  
BARBARA M.G. LYNN  
UNITED STATES DISTRICT JUDGE

APPROVED AND AGREED TO  
AS TO FORM AND CONTENT:

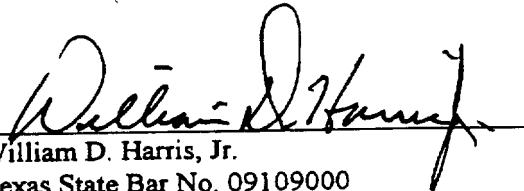
PRINTING RESEARCH, INC.

By: 

Dan L. Boyles  
Its: President

 1/16/01  
HOWARD W. DEMORE

  
RONALD M. RENDLEMAN

  
William D. Harris, Jr.

Texas State Bar No. 09109000

L. Dan Tucker

Texas State Bar No. 20276500

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WILLIAMSON PRINTING CORPORATION

By: *Jesse S. Williamson*

Jesse S. Williamson

Its: President

*Bill L. Davis*  
BILL L. DAVIS

*Jesse S. Williamson*  
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# United States District Court

Northern District of Texas  
Dallas Division

Notice of Orders or Judgments  
Fed. R. Civ. P. 77(d)

**ATTENTION: Docket sheets are now available on the Internet on the  
Northern District of Texas web site at [www.txnd.uscourts.gov](http://www.txnd.uscourts.gov)**

Date: 01/23/01

To: John P Pinkerton  
1601 Bryan St  
30th Floor  
Dallas, TX 75201

Re: Case Number: 3:99-cv-01154

Instrument Number: 56

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Number of pages including cover sheet: 6

| 1997-1998 |  | 1998-1999 |  | 1999-2000 |  | 2000-2001 |  | 2001-2002 |  | 2002-2003 |  | 2003-2004 |  | 2004-2005 |  | 2005-2006 |  | 2006-2007 |  | 2007-2008 |  | 2008-2009 |  | 2009-2010 |  | 2010-2011 |  | 2011-2012 |  | 2012-2013 |  | 2013-2014 |  | 2014-2015 |  | 2015-2016 |  | 2016-2017 |  | 2017-2018 |  | 2018-2019 |  | 2019-2020 |  | 2020-2021 |  | 2021-2022 |  | 2022-2023 |  | 2023-2024 |  | 2024-2025 |  | 2025-2026 |  | 2026-2027 |  | 2027-2028 |  | 2028-2029 |  | 2029-2030 |  | 2030-2031 |  | 2031-2032 |  | 2032-2033 |  | 2033-2034 |  | 2034-2035 |  | 2035-2036 |  | 2036-2037 |  | 2037-2038 |  | 2038-2039 |  | 2039-2040 |  | 2040-2041 |  | 2041-2042 |  | 2042-2043 |  | 2043-2044 |  | 2044-2045 |  | 2045-2046 |  | 2046-2047 |  | 2047-2048 |  | 2048-2049 |  | 2049-2050 |  | 2050-2051 |  | 2051-2052 |  | 2052-2053 |  | 2053-2054 |  | 2054-2055 |  | 2055-2056 |  | 2056-2057 |  | 2057-2058 |  | 2058-2059 |  | 2059-2060 |  | 2060-2061 |  | 2061-2062 |  | 2062-2063 |  | 2063-2064 |  | 2064-2065 |  | 2065-2066 |  | 2066-2067 |  | 2067-2068 |  | 2068-2069 |  | 2069-2070 |  | 2070-2071 |  | 2071-2072 |  | 2072-2073 |  | 2073-2074 |  | 2074-2075 |  | 2075-2076 |  | 2076-2077 |  | 2077-2078 |  | 2078-2079 |  | 2079-2080 |  | 2080-2081 |  | 2081-2082 |  | 2082-2083 |  | 2083-2084 |  | 2084-2085 |  | 2085-2086 |  | 2086-2087 |  | 2087-2088 |  | 2088-2089 |  | 2089-2090 |  | 2090-2091 |  | 2091-2092 |  | 2092-2093 |  | 2093-2094 |  | 2094-2095 |  | 2095-2096 |  | 2096-2097 |  | 2097-2098 |  | 2098-2099 |  | 2099-2100 |  | 2100-2101 |  | 2101-2102 |  | 2102-2103 |  | 2103-2104 |  | 2104-2105 |  | 2105-2106 |  | 2106-2107 |  | 2107-2108 |  | 2108-2109 |  | 2109-2110 |  | 2110-2111 |  | 2111-2112 |  | 2112-2113 |  | 2113-2114 |  | 2114-2115 |  | 2115-2116 |  | 2116-2117 |  | 2117-2118 |  | 2118-2119 |  | 2119-2120 |  | 2120-2121 |  | 2121-2122 |  | 2122-2123 |  | 2123-2124 |  | 2124-2125 |  | 2125-2126 |  | 2126-2127 |  | 2127-2128 |  | 2128-2129 |  | 2129-2130 |  | 2130-2131 |  | 2131-2132 |  | 2132-2133 |  | 2133-2134 |  | 2134-2135 |  | 2135-2136 |  | 2136-2137 |  | 2137-2138 |  | 2138-2139 |  | 2139-2140 |  | 2140-2141 |  | 2141-2142 |  | 2142-2143 |  | 2143-2144 |  | 2144-2145 |  | 2145-2146 |  | 2146-2147 |  | 2147-2148 |  | 2148-2149 |  | 2149-2150 |  | 2150-2151 |  | 2151-2152 |  | 2152-2153 |  | 2153-2154 |  | 2154-2155 |  | 2155-2156 |  | 2156-2157 |  | 2157-2158 |  | 2158-2159 |  | 2159-2160 |  | 2160-2161 |  | 2161-2162 |  | 2162-2163 |  | 2163-2164 |  | 2164-2165 |  | 2165-2166 |  | 2166-2167 |  | 2167-2168 |  | 2168-2169 |  | 2169-2170 |  | 2170-2171 |  | 2171-2172 |  | 2172-2173 |  | 2173-2174 |  | 2174-2175 |  | 2175-2176 |  | 2176-2177 |  | 2177-2178 |  | 2178-2179 |  | 2179-2180 |  | 2180-2181 |  | 2181-2182 |  | 2182-2183 |  | 2183-2184 |  | 2184-2185 |  | 2185-2186 |  | 2186-2187 |  | 2187-2188 |  | 2188-2189 |  | 2189-2190 |  | 2190-2191 |  | 2191-2192 |  | 2192-2193 |  | 2193-2194 |  | 2194-2195 |  | 2195-2196 |  | 2196-2197 |  | 2197-2198 |  | 2198-2199 |  | 2199-2200 |  | 2200-2201 |  | 2201-2202 |  | 2202-2203 |  | 2203-2204 |  | 2204-2205 |  | 2205-2206 |  | 2206-2207 |  | 2207-2208 |  | 2208-2209 |  | 2209-2210 |  | 2210-2211 |  | 2211-2212 |  | 2212-2213 |  | 2213-2214 |  | 2214-2215 |  | 2215-2216 |  | 2216-2217 |  | 2217-2218 |  | 2218-2219 |  | 2219-2220 |  | 2220-2221 |  | 2221-2222 |  | 2222-2223 |  | 2223-2224 |  |
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U.S. DISTRICT COURT  
NORTHERN DISTRICT OF TEXAS  
**FILED**  
JAN 22 2001  
CLERK, U.S. DISTRICT COURT  
By [Signature]  
Deputy

**١٠**

**CIVIL ACTION NO. 3-99CV1154-M**

**WILLIAMSON PRINTING  
CORPORATION, BILL L. DAVIS and  
JESSE S. WILLIAMSON.**

ENTERED ON DOCKET

JAN 23 2001

U.S. DISTRICT CLERK'S OFFICE

On this date, came the parties in this action and announced, prior to trial and after having taken substantial discovery on the issues and claims in this action, that they had reached a settlement agreeing to entry of this Final Judgment on Consent, and the Court being of the opinion that this judgment should be entered as agreed to by the parties, it is hereby

**ORDERED, ADJUDGED and DECREED as follows:**

1. Plaintiff Printing Research, Inc. ("PRI") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
2. Plaintiff Howard W. DeMoore ("DeMoore") is an individual who resides in Dallas, Texas.
3. Plaintiff Ronald M. Rendleman ("Rendleman") is an individual who resides in this judicial district.
4. Defendant Williamson Printing Corporation ("WPC") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
5. Defendant Bill L. Davis ("Davis") is an individual who resides in Irving, Texas.

6. Defendant Jesse S. Williamson ("Williamson") is an individual who resides in Dallas, Texas.

7. For the purpose of this action, this Court has personal jurisdiction of PRI, DeMoore, Rendleman, WPC, Davis and Williamson.

8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1338 and 1367.

9. WPC is the owner of United States Patent No. 5,630,363 ("the '363 patent"). On May 20, 1999, WPC filed application serial number 09/315,796 in the United States Patent and Trademark Office ("PTO") to reissue the '363 patent ("the Reissue Application"), which is presently pending in the PTO.

10. The uncontroverted evidence in the record shows that, in June of 1992, Davis and Williamson conceived the invention described and claimed in the '363 patent.

11. The evidence in the record further shows that, on June 12, 1994, Davis and Williamson disclosed the invention of the '363 patent to Steve Baker ("Baker"), a salesman of PRI, telling him that they wanted to apply inks or coatings using the flexographic process upstream of or prior to printing with lithography in a continuous in-line process on an offset lithographic press and that they wanted to use a retractable, interstation printer/coater having an anilox roller and chambered doctor to perform the flexographic process, and that on June 15, 1994, Baker told John W. Bird ("Bird"), product manager of PRI, the information that Davis and Williamson had disclosed to Baker on June 12, 1994.

12. WPC entered into an agreement with PRI to provide to WPC a retractable, interstation flexographic printer/coater with an anilox roller and a chambered doctor.

13. Pursuant to DeMoore's request on July 7, 1994, Rendleman, who was employed by PRI, prepared drawings of the ferris wheel, retractable flexographic printer/coater shown in Figure 2 of the '363 patent. The ferris wheel, retractable flexographic printer/coaters

manufactured and delivered to WPC by PRI were paid for by WPC pursuant to the agreement between WPC and PRI.

14. On May 4, 1995, DeMoore, Rendleman and Bird filed U. S. patent application serial number 08/435,798 ("the '798 application"). The overlapping process disclosure common to the '798 application and the '363 patent and the Reissue Application originated from Davis and Williamson. The subject matter of unprosecuted method claims 24-35 of the '798 application, and narrower claims thereof, do not conflict with the '363 patent and the Reissue Application. Davis, Williamson and WPC do not claim inventorship of the claimed subject matter of claims 1-23 of the '798 application pending (allowed or on appeal) as of December 1, 2000, and the unprosecuted claims 24-35 of the '798 application, and any claims of U.S. Patents No. 5,598,777, No. 5,631,316, No. 5,960,713, and No. 6,116,158.

15. Plaintiffs no longer contend that they, individually, collectively or in any combination, is or are a sole or joint inventor of any claim of the '363 patent as issued or any of claims 1-87 of the Reissue Application pending as of December 1, 2000.

16. With respect to all claims of the '363 patent as issued and claims 1-87 of the Reissue Application pending as of December 1, 2000, priority rests in the inventive entity of Davis and Williamson and not in any entity consisting of one or more of DeMoore, Rendleman and Bird.

17. There was no fraud or inequitable conduct in the prosecution of the application that resulted in issuance of the '363 patent.

18. Based on the evidence in the record in this action, the information presently known to the parties, and the prior art and other information of record in the Reissue Application, all claims of the '363 patent as issued, and claims 1-87 of the Reissue Application, are valid, including being valid under the provisions of 35 U.S.C. §§ 102 (a), (b), (c), (e), (f) and (g) and 103.

19. Apart from the specific findings set forth herein, all claims and counterclaims of the parties in this action are hereby dismissed with prejudice.

20. The parties waive all right to appeal from this judgment.

21. Each party shall pay its own attorney's fees and costs.

22. This Court shall retain jurisdiction to enforce this judgment and the settlement agreement entered into by the parties with respect to this action.

SO ORDERED on this 22 day of January, 2001

  
BARBARA M.G. LYNN  
UNITED STATES DISTRICT JUDGE

APPROVED AND AGREED TO  
AS TO FORM AND CONTENT:

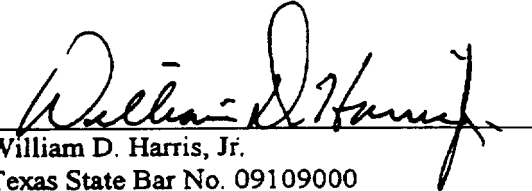
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## SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement"), effective as of December 1, 2000, is made and entered into by and among Printing Research, Inc. ("PRI"), Howard W. DeMoore ("DeMoore") and Ronald M. Rendleman ("Rendleman") (sometimes referred to hereinafter collectively as Plaintiffs) and Williamson Printing Corporation ("WPC"), Bill L. Davis ("Davis") and Jesse S. Williamson ("Williamson") (sometimes referred to hereinafter collectively as Defendants).

### WITNESSETH:

WHEREAS, the parties are engaged in the litigation entitled *Printing Research, Inc., Howard W. DeMoore and Ronald M. Rendleman v. Williamson Printing Corporation, Bill L. Davis and Jesse S. Williamson*, Civil Action No. 3-99-CV-1154-M, which is pending in the United States District Court for the Northern District of Texas, Dallas Division (hereinafter referred to as "the Litigation"); and

WHEREAS, the parties now mutually desire to settle the Litigation on the terms and conditions stated herein.

NOW, THEREFORE, in consideration of the mutual covenants and promises hereinafter set forth, the parties agree as follows:

1. Upon the execution of this Agreement, the parties and their attorneys will execute a Final Judgment on Consent ("Judgment") in the form attached hereto as Exhibit 1 and will promptly cause the Judgment to be entered in the Litigation.
2. Upon the execution of this Agreement, the parties will execute a Patent License Agreement in the form attached hereto as Exhibit 2.

3. On May 20, 1999, Defendants filed their application to reissue U.S. Patent No. 5,630,363 ("the '363 patent"), which application was assigned serial number 09/315,796 ("the Reissue Application"). Subsequently, on or about September 14, 1999, PRI and DeMoore filed their Protest Under 37 C.F.R. § 1.291 to Request Suspension of Reissue Proceedings ("the Protest") in regard to the proceedings in the United States Patent and Trademark Office ("PTO") concerning the Reissue Application. On or before January 15, 2001, PRI and DeMoore will promptly take all necessary action to attempt to withdraw the Protest. Plaintiffs will promptly provide to WPC copies of any and all papers filed in the PTO, and copies of all other papers and correspondence between Plaintiffs and the PTO, concerning the withdrawal of the Protest. Plaintiffs agree that they will not file any other protests to or in connection with the Reissue Application.

4. PRI, DeMoore and Rendleman, individually and collectively, hereby covenant and agree to waive and relinquish, and do hereby waive and relinquish, now and forever, (a) the right to assert or claim that any of the claims of the '363 patent as issued, or any claims that issue pursuant to the Reissue Application pending as of December 1, 2000, are invalid or unenforceable for any reason, (b) the right to assert or claim that inventorship of the '363 patent as issued or any patent that issues pursuant to the Reissue Application pending as of December 1, 2000, should be corrected pursuant to 35 U.S.C. § 256, (c) the right to bring or initiate any interference proceeding under 35 U.S.C. §291 with respect to the '363 patent as issued or any patent that issues pursuant to the Reissue Application pending as of December 1, 2000, and (d) the right to assert or claim that DeMoore, Rendleman or any of PRI's present or former employees is a sole or joint inventor of the '363 patent as issued or of the subject matter of any

claim of the Reissue Application pending as of December 1, 2000, regardless of whether any such assertions, claims or proceedings would be made or initiated in any court, or any arbitration, the PTO; or other judicial or administrative proceeding, and regardless of whether any such assertions, claims or proceedings would be made or initiated directly or indirectly, including by way of claim, defense, counterclaim, offset, interference, reexamination, protest or reissue. It is the intent of this provision that, to the fullest and broadest extent permitted by law, PRI, its present and former employees, DeMoore and Rendleman, will never challenge the correctness of inventorship, validity or enforceability of the '363 patent or any patent or claim issued pursuant to the Reissue Application and that such preclusion is acknowledged and intended to be broader than the prohibition on such challenges arising from the doctrines of *res judicata* and collateral estoppel.

5. Each of PRI, DeMoore and Rendleman acknowledge and agree that none of DeMoore, Rendleman, John W. Bird or any other employee or agent of PRI, is the sole or joint inventor of any claims of the '363 patent as issued or any of claims 1-87 of the Reissue Application. PRI, its officers, directors, employees and agents, DeMoore and Rendleman agree that they will not represent or state to any person (a) that DeMoore, Rendleman or any of PRI's present or former employees is a sole or joint inventor of any claim of the '363 patent as issued or any of claims 1-87 of the Reissue Application pending as of December 1, 2000, (b) that the inventorship of the '363 patent as issued or any patent that issues pursuant to claims 1-87 of the Reissue Application pending as of December 1, 2000, is incorrect or (c) that the '363 patent as issued, or any patent that issues pursuant to claims 1-87 of the Reissue Application pending as of December 1, 2000, is invalid or unenforceable for any reason.

6. PRI, DeMoore and Rendleman covenant not to sue WPC, any licensee of WPC's under the '363 patent or any patent that issues from the Reissue Application, and their respective officers, directors, current shareholders, employees, agents, representatives and attorneys for, or in any way based on, the manufacturing, having manufactured, selling, offering for sale, importing or using any printing press or apparatus equipped with, having or constituting a Dedicated Upstream coating or lacquering unit. For purposes of this paragraph, the following definitions shall apply: (a) "Dedicated" shall mean a flexographic coating unit or lacquering unit contained within a frame that is not adaptable to be converted to lithographic use; and, (b) "Upstream" shall mean any position or location after the feeder and/or in-feed of a press and prior to the last lithographic printing unit of a press. PRI, DeMoore and Rendleman further covenant not to sue WPC, its officers, directors, current shareholders, employees, agents, representatives and attorneys, based on the manufacturing, or the use, sale, offering for sale or importing, of any Upstream retractable printing, coating or lacquering unit by or for any licensee of WPC's under the '363 patent or any patent that issues pursuant to the Reissue Application, provided, however, that the foregoing portion of this sentence shall not apply in the event that WPC makes, uses, sells, offers for sale or imports any such unit or actively induces such licensee's conduct. The covenant not to sue set forth in the foregoing sentence shall not apply to WPC's licensees or such licensee's customers. WPC shall have the right to assign and transfer its rights under this paragraph in the event of any sale of, or granting of a license under, the '363 patent or any patent that issues from the Reissue Application or any continuation, continuation-in-part, division, reexamination or reissue thereof.

7. WPC will not actively encourage or solicit any entity with whom WPC is negotiating for a license under the '363 patent, or any patent that issues from the Reissue Application, to manufacture or acquire from any third party any device within any issued claim of U.S. patent application serial no. 08/435,798. Upon PRI's request and pursuant to reasonable notice in advance, WPC will permit prospective customers of PRI to visit WPC's facilities to inspect any PRI EZ interstation ferris wheel coater installed at WPC if such prospective customer (a) is approved by WPC, which approval will not be unnecessarily withheld, but may be withheld in the event of a conflict of interest or other reasonable cause, and (b) agrees to execute a reasonable confidentiality agreement.

8. WPC further agrees that neither WPC nor any of its officers, directors, shareholders or employees will file, participate in or cooperate with another person or entity in a protest in the U.S. Patent and Trademark Office of the pending claims existing as of December 1, 2000 in Serial No. 08/435,798, or reexam any patent consisting of the claims allowed from claims pending in Serial No. 08/435,798 as of December 1, 2000. Further, neither WPC nor its officers, directors, shareholders or employees will file, participate in or cooperate with any other person or entity in a reexamination in the U. S. Patent and Trademark Office concerning any of U.S. Patents No. 5,598,777, No. 5,657,316, No. 5,960,713 and No. 6,116,158. In return, neither PRI nor its officers, directors, shareholders or employees shall sue WPC, its officers, directors, shareholders or employees, for or relating to WPC's use in its facilities in the United States or Mexico of any machine or apparatus falling within any issued claims originating from any claim pending in Serial No. 08/435,798 as of December 1, 2000, or of any claim in U.S. Patents No 5,598,777, No. 5,657,316, No. 5,960,713 and No. 6,116,158. WPC, its officers, directors,

shareholders and employees, will not provoke an interference with respect to the pending claims existing as of December 1, 2000 in Serial No. 08/435,798. PRI, its officers, directors, shareholders and employees, will not provoke an interference with respect to the '363 patent as issued or any of the claims pending as of December 1, 2000 in the Reissue Application

9 At WPC's request, PRI agrees to perform timely repairs and upgrades at its customary rates for labor and materials for the EZ interstation ferris wheel coaters it sold WPC in 1995-1997. In addition, PRI will inform WPC of any cure or remedy of which it has knowledge in regard to any "bounce" or instability problems in the operation of the EZ interstation ferris wheel coaters sold to WPC, and to attempt to provide, using its best efforts, such cure or remedy to WPC, if requested to do so, at its customary rates for labor and materials. No labor or materials as provided for in this paragraph will be provided by PRI unless the parties agree to same and PRI has been offered, and has agreed to, a WPC purchase order.

10. PRI, DeMoore and Rendleman, individually and collectively, and their respective officers, directors, shareholders, employees, agents, representatives, attorneys, successors and assigns, hereby release, relinquish, and forever discharge WPC, Davis and Williamson, individually and collectively, and each of their respective officers, directors, shareholders, employees, agents, representatives, attorneys, successors and assigns, from any and all obligations, debts, agreements, promises, demands, liabilities, claims, actions and causes of action of any and every kind or character, whether known or unknown, suspected or unsuspected, now existing or heretofore existing, or which may hereafter exist, that arise out of or relate in any way to the facts or circumstances giving rise to or made the basis of any of the claims or defenses asserted in the Litigation, including, but not limited to, any claims and causes of action alleged in

the Litigation or which by pleading, amendment or supplement, could be or could have been alleged therein; provided, however, that nothing in this paragraph shall be construed to release WPC, Davis, or Williamson from any obligations they or any of them expressly assume hereunder or from any obligations under the Final Judgment on Consent in the Litigation and the Patent License Agreement.

11. WPC, Davis and Williamson, both individually and collectively, and their respective officers, directors, shareholders, employees, agents, representatives, attorneys, successors and assigns, hereby release, relinquish, and forever discharge PRI, DeMoore and Rendleman, individually and collectively, and each of their respective officers, directors, shareholders, employees, agents, representatives, attorneys, successors and assigns, from any and all obligations, debts, agreements, promises, demands, liabilities, claims, actions and causes of action of any and every kind or character, whether known or unknown, suspected or unsuspected, now existing or heretofore existing, or which may hereafter exist, that arise out of or relate in any way to the facts or circumstances giving rise to or made the basis of any of the claims or defenses asserted in the Litigation, including, but not limited to, any claims and causes of action alleged in the Litigation or which by pleading, amendment or supplement, could be or could have been alleged therein; provided, however, that nothing in this paragraph shall be construed to release PRI, DeMoore or Rendleman from any obligations they or each of them expressly assume hereunder or from any obligations under the Final Judgment on Consent in the Litigation and the Patent License Agreement.

12. On or before January 15, 2001, PRI or its counsel in the Litigation shall promptly inform WPC or its counsel in the Litigation in writing, and provide a copy if available, of all

prior art that PRI or its counsel are aware of without performing a new search or review and believe is relevant or material under 37 C.F.R. §1.56 to any of the claims of the Reissue Application and not previously produced by Defendants in the Litigation or submitted to the PTO in the Reissue Application.

13. The parties agree that any depositions and deposition transcripts, and expert reports, in the Litigation that have previously been designated as confidential shall be declassified and shall not be subject to the confidentiality provisions of the protective order in the Litigation. With respect to DeMoore's deposition and the expert report of Ed Fiorito, Plaintiffs' counsel shall, on or before January 15, 2001, notify counsel for Defendants of any information contained in such documents that Plaintiffs reasonably believe should be maintained as confidential. This provision is subject to any existing designations of confidentiality by a third party.

14. Each of the parties agrees, immediately upon request therefor, to prepare, execute, acknowledge, deliver, or file such other and further papers, forms, instruments, and documents, and to take such other and further action, as may be necessary or convenient to evidence, perfect or enforce any of the rights and obligations arising under or in connection herewith or with any document or agreement referred to herein or otherwise to consummate or carry out the intent of this Agreement.

15. This Agreement, together with the Final Judgment on Consent and the Patent License Agreement, contain the entire agreement of the parties hereto and all prior negotiations and agreements pertaining to the subject matter hereof are merged in this Agreement. Each party



expressly disclaims reliance upon any facts, promises, undertakings or representations made by any other party, or the agents or attorneys of any other party, prior to the execution hereof.

16. This Agreement shall continue perpetually and shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

17. No breach of any provision of this Agreement can be waived unless done so expressly and in writing. Express waiver of any one breach shall not be deemed a waiver of any other breach of the same or of any other provision hereof. This Agreement may be amended or modified only by a written agreement executed by the parties hereto.

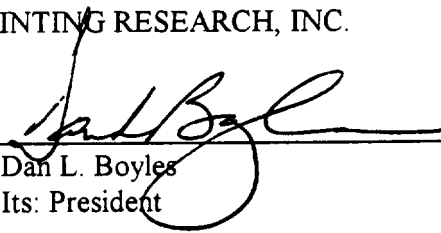
18. Each person executing this Agreement warrants that he is authorized to execute the Agreement on behalf of the party for whom he signs.

19. This Agreement shall be governed, interpreted and enforced in accordance with the laws of the State of Texas, without regard to its choice of law rules. Each person acknowledges that he does business in Dallas County, Texas, or is domiciled in Dallas County, Texas, and that the federal and state courts of Dallas County, Texas, shall have the exclusive jurisdiction and venue to decide any disputes regarding this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives on the date first written above.

PRINTING RESEARCH, INC.

By

  
Dan L. Boyles  
Its: President

HOWARD W. DeMOORE

*Ronald M. Rendleman*  
RONALD M. RENDELMAN

WILLIAMSON PRINTING CORPORATION

By \_\_\_\_\_

**Jesse S. Williamson**  
Its: President

*Bill L. Davis*  
BILL L. DAVIS

JESSE S. WILLIAMSON

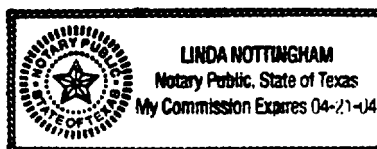
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STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this 16<sup>th</sup> day of January, 2001 by Dan L. Boyles, President of Printing Research, Inc., a Texas corporation, on behalf of said corporation.

Linda Nottingham  
Notary Public in and for the State of Texas

STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §

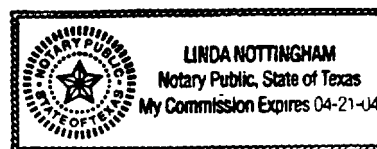


Before me, the undersigned authority, on this date personally appeared Howard W. DeMoore, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this 16<sup>th</sup> day of January, 2001.

Linda Nottingham  
Notary Public in and for the State of Texas

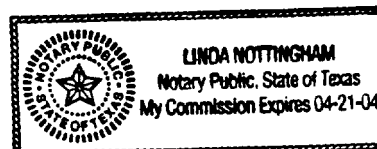
STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §



Before me, the undersigned authority, on this date personally appeared Ronald M Rendleman, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this 16<sup>th</sup> day of January, 2001.

Linda Nottingham  
Notary Public in and for the State of Texas



STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this 17 day of January, 2001 by Jesse S. Williamson, President of Williamson Printing Corporation, a Texas corporation, on behalf of said corporation.

Dee Burch  
Notary Public in and for the State of Texas

STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §



Before me, the undersigned authority, on this date personally appeared Bill L. Davis, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this 17 day of January, 2001.

Dee Burch  
Notary Public in and for the State of Texas

STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §



Before me, the undersigned authority, on this date personally appeared Jesse S. Williamson, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed.

Given under my hand and seal this 17 day of January, 2001.

Dee Burch  
Notary Public in and for the State of Texas



[illegible]

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

**PRINTING RESEARCH, INC.  
HOWARD W. DEMOORE and  
RONALD M. RENDLEMAN,**

**Plaintiffs,**

v.

**WILLIAMSON PRINTING  
CORPORATION, BILL L. DAVIS and  
JESSE S. WILLIAMSON,**

**Defendants.**

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**CIVIL ACTION NO. 3-99CV1154-M**

**FINAL JUDGMENT ON CONSENT**

On this date, came the parties in this action and announced, prior to trial and after having taken substantial discovery on the issues and claims in this action, that they had reached a settlement agreeing to entry of this Final Judgment on Consent, and the Court being of the opinion that this judgment should be entered as agreed to by the parties, it is hereby

**ORDERED, ADJUDGED and DECREED as follows:**

1. Plaintiff Printing Research, Inc. ("PRI") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
2. Plaintiff Howard W. DeMoore ("DeMoore") is an individual who resides in Dallas, Texas.
3. Plaintiff Ronald M. Rendleman ("Rendleman") is an individual who resides in this judicial district.
4. Defendant Williamson Printing Corporation ("WPC") is a corporation of the State of Texas, having its principal place of business in Dallas, Texas.
5. Defendant Bill L. Davis ("Davis") is an individual who resides in Irving, Texas

6. Defendant Jesse S. Williamson ("Williamson") is an individual who resides in Dallas, Texas.

7 For the purpose of this action, this Court has personal jurisdiction of PRI, DeMoore, Rendleman, WPC, Davis and Williamson.

8. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1338 and 1367.

9. WPC is the owner of United States Patent No. 5,630,363 ("the '363 patent"). On May 20, 1999, WPC filed application serial number 09/315,796 in the United States Patent and Trademark Office ("PTO") to reissue the '363 patent ("the Reissue Application"), which is presently pending in the PTO.

10. The uncontroverted evidence in the record shows that, in June of 1992, Davis and Williamson conceived the invention described and claimed in the '363 patent.

11. The evidence in the record further shows that, on June 12, 1994, Davis and Williamson disclosed the invention of the '363 patent to Steve Baker ("Baker"), a salesman of PRI, telling him that they wanted to apply inks or coatings using the flexographic process upstream of or prior to printing with lithography in a continuous in-line process on an offset lithographic press and that they wanted to use a retractable, interstation printer/coater having an anilox roller and chambered doctor to perform the flexographic process, and that on June 15, 1994, Baker told John W. Bird ("Bird"), product manager of PRI, the information that Davis and Williamson had disclosed to Baker on June 12, 1994.

12. WPC entered into an agreement with PRI to provide to WPC a retractable, interstation flexographic printer/coater with an anilox roller and a chambered doctor.

13. Pursuant to DeMoore's request on July 7, 1994, Rendleman, who was employed by PRI, prepared drawings of the ferris wheel, retractable flexographic printer/coater shown in Figure 2 of the '363 patent. The ferris wheel, retractable flexographic printer/coaters

manufactured and delivered to WPC by PRI were paid for by WPC pursuant to the agreement between WPC and PRI.

14. On May 4, 1995, DeMoore, Rendleman and Bird filed U. S. patent application serial number 08/435,798 ("the '798 application"). The overlapping process disclosure common to the '798 application and the '363 patent and the Reissue Application originated from Davis and Williamson. The subject matter of unprosecuted method claims 24-35 of the '798 application, and narrower claims thereof, do not conflict with the '363 patent and the Reissue Application. Davis, Williamson and WPC do not claim inventorship of the claimed subject matter of claims 1-23 of the '798 application pending (allowed or on appeal) as of December 1, 2000, and the unprosecuted claims 24-35 of the '798 application, and any claims of U.S. Patents No. 5,598,777, No. 5,631,316, No. 5,960,713, and No. 6,116,158.

15. Plaintiffs no longer contend that they, individually, collectively or in any combination, is or are a sole or joint inventor of any claim of the '363 patent as issued or any of claims 1-87 of the Reissue Application pending as of December 1, 2000.

16. With respect to all claims of the '363 patent as issued and claims 1-87 of the Reissue Application pending as of December 1, 2000, priority rests in the inventive entity of Davis and Williamson and not in any entity consisting of one or more of DeMoore, Rendleman and Bird.

17. There was no fraud or inequitable conduct in the prosecution of the application that resulted in issuance of the '363 patent.

18. Based on the evidence in the record in this action, the information presently known to the parties, and the prior art and other information of record in the Reissue Application, all claims of the '363 patent as issued, and claims 1-87 of the Reissue Application, are valid, including being valid under the provisions of 35 U.S.C. §§ 102 (a), (b), (c), (e), (f) and (g) and 103.



19. Apart from the specific findings set forth herein, all claims and counterclaims of the parties in this action are hereby dismissed with prejudice.

20. The parties waive all right to appeal from this judgment.

21. Each party shall pay its own attorney's fees and costs.

22. This Court shall retain jurisdiction to enforce this judgment and the settlement agreement entered into by the parties with respect to this action.

SO ORDERED on this \_\_\_\_ day of January, 2001.

\_\_\_\_\_  
BARBARA M.G. LYNN  
UNITED STATES DISTRICT JUDGE

APPROVED AND AGREED TO  
AS TO FORM AND CONTENT:

PRINTING RESEARCH, INC.

By: \_\_\_\_\_

Dan L. Boyles  
Its: President

\_\_\_\_\_  
HOWARD W. DEMOORE

\_\_\_\_\_  
RONALD M. RENDLEMAN

\_\_\_\_\_  
William D. Harris, Jr.  
Texas State Bar No. 09109000  
L. Dan Tucker  
Texas State Bar No. 20276500  
Stephen D. Wilson  
Texas State Bar No. 24003187  
LOCKE LIDDELL & SAPP LLP  
2200 Ross Avenue, Suite 2200  
Dallas, Texas 75201-6776  
214.740.8000 (telephone)  
214.740.8800 (facsimile)

ATTORNEYS FOR PLAINTIFFS

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214.462.3299 (facsimile)

WILLIAMSON PRINTING CORPORATION

By: \_\_\_\_\_  
Jesse S. Williamson  
Its: President

\_\_\_\_\_  
BILL L. DAVIS

\_\_\_\_\_  
JESSE S. WILLIAMSON

\_\_\_\_\_  
John P. Pinkerton  
Texas State Bar No. 1601670  
David P. Poole  
Texas State Bar No. 16123750  
Robert J. Ward  
Texas State Bar No. 00791879  
WORSHAM FORSYTHE  
WOOLDRIDGE LLP  
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Dallas, Texas 75201  
214.979.3065 (telephone)  
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ATTORNEYS FOR DEFENDANTS

OF COUNSEL:

\_\_\_\_\_  
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Texas State Bar No. 067956300  
FALK & FISH, L.L.P.  
P.O. Box 794748  
Dallas, Texas 75397  
Telephone: (214) 954-4480  
Facsimile: (214) 969-5941

TOP SECRET

## **PATENT LICENSE AGREEMENT**

This Patent License Agreement (hereinafter referred to as "Agreement") is entered into and made effective as of December 1, 2000, by and between Williamson Printing Corporation, a Texas corporation having its principal offices at 6700 Denton Drive, Dallas, Texas (hereinafter referred to as "WPC") and Printing Research, Inc., a Texas corporation having its principal offices at 10954 Shady Trail, Dallas, Texas (hereinafter referred to as "PRI").

### **I. Background of Agreement**

1.1 WPC is the owner of United States Patent No. 5,630,363, entitled Combined Lithographic/Flexographic Printing Apparatus and Process, which issued on May 20, 1997, and of reissue application for the '363 patent, Serial No. 08/315,796, pending as of the execution of this Agreement.

1.2 PRI desires to acquire a non-exclusive license under United States Patent No. 5,630,363, and any reissue, continuation, continuation-in-part or divisional thereof, to manufacture products for sale, and sell products, to printing companies for use with the devices and methods covered by the claims of United States Patent No. 5,630,363.

1.3 The parties enter into this Agreement in consideration of the mutual covenants and promises contained herein.

### **II. Definitions**

As used herein, the following terms shall have the meanings set forth below:

2.1 LICENSED PATENTS means United States Patent No. 5,630,363 and all reissues, reexaminations, continuations, continuations in part, substitutes and extensions thereof, including any patent that issues from U.S. reissue application 09/315,796.

THESE TERMS

2.2 LICENSED PRODUCT means any auxiliary first station, or auxiliary interstation, printing or coating product, apparatus or equipment within any apparatus claim, or designed for use in a method covered by any method claim, of the LICENSED PATENTS, including, but not limited to, PRI's LITHOFLEX PRINTER/COATER, and the rebuilding, refurbishment or substantial repair thereof. The scope of LICENSED PRODUCTS is intended to include all products the manufacture, use or sale of which, in the absence of the license granted hereunder, would constitute an infringement within any one or more subsections of 35 U.S.C. §271. An auxiliary printer/coater that is not to be used interstation, and auxiliary dryers and drying equipment, are not LICENSED PRODUCTS; provided, however, if a printer/coater originally installed at the end of a press of any of PRI's customers is moved by PRI to an interstation location, such printer/coater shall be a LICENSED PRODUCT from the date of such relocation and PRI shall inform WPC that such printer/coater has been so moved, within thirty (30) days of the relocation, and PRI shall pay royalties on such unit pursuant to Section IV of this Agreement based on the original PRI price. PRI shall inform each of its end-of-press flexographic coater customers in the U.S. that a royalty on the original PRI price shall be due in the event such end-of-press coater is moved to an interstation location, and the customer shall notify PRI promptly in the event of such relocation. PRI, will in turn, notify WPC of such relocation in the next quarterly report, including Exhibit A.

2.3 LICENSED TERRITORY means the United States of America, its territories and its possessions.

2.4 LITHOFLEX PRINTER/COATER shall mean PRI's EZ Interstation Flexo Printer/Coater as designed and sold by PRI on the effective date hereof and as shown and

described on the first inside page of PRI's brochure entitled *The EZ Print/Coat Family*, a copy of which is attached hereto as Exhibit B and made a part hereof for all purposes.

2.5 NET SALES PRICE means the invoice or lease price, F.O.B. factory, less the following items, where applicable: reasonable charges for equipment installation; regular trade and quantity discounts actually allowed (but not cash discounts for early payment or sales agent's or representative's commissions); sales or use taxes actually paid; prepaid freight or transportation costs; and amounts refunded, allowed or credited in connection with shortages, returns or defective products within 120 days of the date of the original invoice (not to exceed the original invoice amount). Where products are not sold or leased, but are otherwise disposed of or transferred, the NET SALES PRICE of such products for the purposes of computing royalties shall be the greater of the selling price or lease price at which products of similar kind and quality, sold or leased in similar quantities, are currently being offered for sale or lease by PRI. Where such products are not currently being offered for sale by PRI, the NET SALES PRICE of products otherwise disposed of or transferred, for the purpose of computing royalties, shall be the average selling price at which products of similar kind and quality, sold in similar quantities are then currently being offered for sale by other manufacturers.

2.6 SOLD shall mean the sale, lease, transfer or other disposition of a LICENSED PRODUCT for value by PRI, or any affiliates of PRI's, in the LICENSED TERRITORY. SOLD shall further mean the importation of a LICENSED PRODUCT into the LICENSED TERRITORY if such LICENSED PRODUCT (a) is made by or for PRI, either directly or indirectly, and (b) is sold, leased, transferred or otherwise disposed of for value, or used, in the LICENSED TERRITORY.

### **III. License Grant**

3.1 Subject to the terms and conditions hereof, WPC hereby grants to PRI, within the LICENSED TERRITORY, a nonexclusive license under the LICENSED PATENTS to make, have made, use only for research and marketing purposes, offer to sell and sell LICENSED PRODUCTS within the term of this Agreement. It is the intent of the parties that the scope of PRI's licensed activities pursuant to the foregoing license grant is equal to the combination of (a) the activities for which royalties are due and payable by PRI under paragraph 4.1 and (b) the activities exempted pursuant to paragraph 4.1.

3.2 The license granted pursuant to paragraph 3.1 does not include the right to grant sublicenses or the right to use LICENSED PRODUCTS in commercial printing operations.

### **IV. Royalties, Reports and Payments**

4.1 In consideration for the license granted under this Agreement, PRI shall pay royalties of six percent (6%) of the NET SALES PRICE of all LICENSED PRODUCTS SOLD by PRI, or any affiliates of PRI's, in the LICENSED TERRITORY. If four percent (4%) of the list price of the LICENSED PRODUCT as published by PRI and provided to WPC per this section exceeds 6% of the NET SALES PRICE, then PRI shall pay a minimum royalty of four percent 4% of the published list price. The current list price for LICENSED PRODUCTS will be provided to WPC upon execution of this Agreement, and will be provided with each quarterly report, including revisions and updates of said list prices. The royalty under this section (minimum royalty or 6%) is due at the end of the quarter in which PRI has received at least 90% of the NET SALES PRICE or one hundred twenty (120) days after the LICENSED PRODUCT is shipped, whichever is earlier. If PRI has collected between 90% and 100% of the NET SALES

PRICE within 120 days of shipment, it will pay WPC at the next quarter report 6% of the NET SALES PRICE or 6% of the monies received, whichever is lower. If PRI has not collected 90% of the NET SALES PRICE after 120 days after the LICENSED PRODUCT is shipped: (a) and receives thereafter an additional amount of the balance owed by the customer for the shipped LICENSED PRODUCT but less than 100% of the NET SALES PRICE, PRI shall pay WPC eight percent (8%) of said additional amount at the time the next quarterly payment is made hereunder, with the proviso that the total paid WPC does not exceed six percent (6%) of the NET SALES PRICE; or (b) and receives thereafter the balance of the NET SALES PRICE, PRI shall pay WPC the balance of the six percent (6%) royalties of the NET SALES PRICE not previously paid at the time the next quarterly payment is made hereunder. PRI is exempted from the payment of a royalty for any LICENSED PRODUCT made in the LICENSED TERRITORY and delivered outside the United States for the period said LICENSED PRODUCT is abroad; however, if said LICENSED PRODUCT reenters the United States within the term of this Agreement, regardless of how or by whom said LICENSED PRODUCT reenters the LICENSED TERRITORY, and said LICENSED PRODUCT is used in the LICENSED TERRITORY, such exemption shall end in the event that any of PRI's management obtain or receive actual knowledge, or with the exercise of reasonable care should know, of said reentry of said LICENSED PRODUCT into the United States. PRI shall pay the six percent (6%) or the applicable minimum royalty on said LICENSED PRODUCT that reenters the United States based on the original NET SALES PRICE in accordance with paragraph 4.2 of this Agreement. PRI is exempted from paying a royalty for a floor model prototype LICENSED PRODUCT that is installed at the facilities of PRI.



4.2 Not later than the last day of each January, April, July, and October, PRI shall furnish to WPC a written report of all amounts due pursuant to paragraph 4.1 hereof for the quarterly periods ended the last day of the preceding December, March, June and September, respectively, and shall pay to WPC all amounts due, including any interest owed pursuant to paragraph 4.3 hereof. The report shall provide such information as WPC may reasonably require, including at least (a) a listing of all LICENSED PRODUCTS SOLD by model, serial number and customer name, together with the date SOLD, (b) the invoice or lease price, the list price and the NET SALES PRICE, for each LICENSED PRODUCT SOLD, (c) a listing of all LICENSED PRODUCTS made, but not SOLD, and made, but delivered abroad, by model and serial number, and (d) the calculation of royalties owed to WPC. The report shall include a completed attachment in the form attached hereto as Exhibit A. If no payments are due for any quarterly period, a written statement to that effect shall be furnished to WPC. PRI shall make a final written report to WPC within thirty (30) days after the date of expiration of this Agreement and shall concurrently pay all amounts due to WPC. Except as required by lawful process or court order, WPC shall keep confidential all PRI information disclosed to WPC pursuant this Agreement pertaining to (a) exports of LICENSED PRODUCTS and (b) manufacture of LICENSED PRODUCTS not yet SOLD in the LICENSED TERRITORY; provided, however, WPC has the right to disclose said information to its counsel, the accountants identified in paragraph 4.6 and WPC's auditors and tax accountants.

4.3 Payments provided for in this Agreement, when overdue, shall bear interest at the lower of the maximum rate of commercial interest permitted under Texas law or at a rate per annum equal to one percent (1%) in excess of the "PRIME RATE" published by *The Wall Street*

*Journal* at the time such payment is due, and for the time period until payment is received by WPC.

4.4 If this Agreement is for any reason terminated before all of the payments herein provided for have been made, PRI shall within thirty (30) days submit a termination report and pay to WPC any remaining unpaid balance even though the due date as above provided has not been reached.

4.5 All amounts payable hereunder by PRI shall be payable in United States funds without deductions for taxes, assessments, fees, set-offs or charges of any kind or nature whatsoever. Checks should be made payable to Williamson Printing Corporation and mailed to WPC at the address specified in paragraph 8.1(a) hereof.

4.6 PRI shall keep full, true and accurate books and records containing all particulars which may be necessary for the purpose of showing the accuracy and completeness of all reports and the amount of royalty payments payable to WPC hereunder. Upon three (3) business days prior notice, PRI shall permit such books and records to be examined from time to time at PRI's offices during normal business hours by WPC's Chief Financial Officer, or assistant, or by an independent certified public accountant retained at WPC's expense to verify the accuracy of the reports and payments made hereunder by PRI. It is contemplated by the parties that such examinations or audits of PRI's books and records will be conducted approximately every six (6) months unless some irregularity in regard to the reporting of royalties hereunder occurs PRI shall permit WPC or its designated representative to make copies of or extracts from PRI's books and records using PRI's copying equipment or facilities, at PRI's expense, in connection with any such examination. Such books and records shall be kept and maintained by PRI for at least four

(4) years following the end of the calendar year to which they pertain. In the event it is determined that PRI has understated the royalties due WPC, PRI shall pay all amounts due, together with any interest owed pursuant to paragraph 4.3 hereof, within ten (10) days after written notice of the underpayment, and PRI shall also pay at such time any and all expenses incurred by WPC in determining such underpayment, including reasonable certified public accountant and attorneys fees.

**V. Negation of Warranties, Disclaimer and Indemnity**

5.1 Nothing in this Agreement shall be construed or interpreted as:

(a) a warranty or representation by WPC as to the validity, enforceability or scope of the LICENSED PATENTS; or

(b) a warranty or representation by WPC that anything made, used, sold or otherwise disposed of under the license granted in this Agreement is or will be free of infringement or the like of the rights of third parties; or

(c) a requirement that WPC shall file or prosecute any patent application, secure any patent or utility model or maintain any patent or utility model in force; or

(d) an obligation by WPC to bring or prosecute actions or suits against third parties for infringement or the like; or

(e) an obligation by WPC to furnish any manufacturing or technical information; or

(f) conferring the right on PRI to use in advertising, publicity or otherwise any trademark or trade name of WPC; or

(g) granting by implication, estoppel or otherwise any licenses or rights under patents or utility models of WPC other than the LICENSED PATENTS.

(h) creating any other obligation on WPC, except as expressly set forth herein.

5.2 WPC MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE USE, SALE OR OTHER DISPOSITION BY PRI OR ITS CUSTOMERS, AND THEIR SUCCESSORS OR ASSIGNS, WITH REGARD TO PRODUCTS MADE, USED OR SOLD BY PRI OR ITS AFFILIATES, INCLUDING WITHOUT LIMITATION THE LICENSED PRODUCTS.

5.3 PRI shall assume all financial and service obligations for LICENSED PRODUCTS made, used or SOLD by it hereunder, and WPC shall not incur any liability or responsibility to PRI or to third parties for any failure in production, design, operation or otherwise for LICENSED PRODUCTS made, used or SOLD by PRI. In no event shall WPC be liable for incidental or consequential damages or contingent liabilities, including but not limited to lost profits, arising out of the failure of the LICENSED PRODUCTS or parts thereof to operate properly.

5.4 PRI shall defend, indemnify and hold harmless WPC, its directors, officers, shareholders, employees and agents, from and against all claims, causes of action, liabilities, demands, damages, expenses (including attorneys' fees of PRI) or losses arising out of or relating to (a) PRI's operations under this Agreement or (b) PRI's manufacture, use, offer to sell, sale or

other disposition of LICENSED PRODUCTS; provided, however, that WPC shall promptly notify PRI in writing of any such claim, cause of action, demand or loss, and shall, at WPC's expense, provide all reasonable assistance to PRI in connection with the defense of any such claim, cause of action, demand or loss, including, but not limited to, producing documents and making documents available for review by PRI's counsel and making witnesses available for consultation with PRI's counsel and for providing deposition and trial testimony, and providing further that PRI has the right to control the defense of any related litigation, including settlement thereof. Anything contained in this paragraph to the contrary notwithstanding, PRI shall have no obligation to indemnify, defend, or hold harmless WPC, its directors, officer, employees or agents, with respect to any claims, causes of action, liabilities, demand, damages, expenses (including attorney's fees) or losses arising out of or relating to any claim for infringement of any of United States Patents No. 4,934,305, No. 5,178,678 or No. 5,638,752 based on the manufacture, use, sale or offer for sale of the LITHOFLEX PRINTER/COATER.

5.5 WPC shall indemnify, defend and hold harmless PRI, its directors, officers, shareholders, employees and agents, from and against all claims, causes of action, liabilities, demands, damages, expenses (including attorneys' fees of WPC) or losses arising out of or relating to any claim that PRI's LITHOFLEX PRINTER/COATER used with or as a part of any method covered by any claim of the LICENSED PATENTS infringes the process or method claims of any United States patent of any third party having an effective filing date prior to the filing date of U.S. Patent No. 5,630,363; provided, however, that PRI shall promptly notify WPC in writing of any such claim, cause of action, demand or loss, and shall, at PRI's expense, provide all reasonable assistance to WPC in connection with the defense of any such claim, cause of

action, demand or loss, including but not limited to, producing documents and making documents available for review by WPC's counsel and making witnesses available for consultation with WPC's counsel and for providing deposition and trial testimony, and providing further that WPC has the right to control the defense of any related litigation, including settlement thereof. It is understood and agreed that WPC's obligations under this paragraph do not apply or extend to the patent rights of any third party on or relating to any apparatus, device or parts thereof, including, for example, anilox rollers, chambered doctors, trays, and flexographic plates. Anything contained in this paragraph to the contrary notwithstanding, WPC shall have no obligation to indemnify, defend, or hold harmless PRI, its directors, officers, employees or agents, with respect to any claims, causes of action, liabilities, demands, damages, expenses (including attorney's fees) or losses arising out of or relating to any claim for infringement of any of United States Patents No. 4,934,305, No. 5,178,678 or No. 5,638,752

## **VI. Term and Termination**

6.1 Unless terminated earlier as provided for herein, this Agreement shall remain in full force and effect until the date of expiration of the LICENSED PATENTS.

6.2 PRI shall have the right to terminate this Agreement at the end of any reporting period by giving WPC written notice of its election to do so at least ninety (90) days in advance

6.3 If at any time PRI fails to make royalty payments or fails to comply with any other material provision of this Agreement, WPC may, at its sole option, give notice of default under this paragraph, which notice shall specify the default or failure on which it is based. WPC shall have the right to terminate this Agreement by sending a notice of termination to PRI unless such default or failure is cured within sixty (60) days of the submission of such notice of default.

Failure by WPC to give notice of default with respect to any such default or failure shall not be deemed a waiver of its right at a later date to give such notice if such default or failure continues or again occurs, or if another default or failure occurs. Material provisions of this Agreement shall include (a) the obligation to make timely royalty payments under paragraphs 4.1 and 4.2, (b) the obligation to keep full, true and accurate books and records under paragraph 4.6, (c) the duty to defend, indemnify and hold harmless under paragraph 5.4, (d) the duty to mark under paragraph 9.1, (e) the duty to inform WPC about third party infringement under paragraph 10.1, (f) the duty of loyalty under paragraph 10.2, and (g) the duty to inform WPC of material prior art under paragraph 10.3.

6.4 WPC shall have the right to terminate this Agreement at the end of any twelve (12) successive reporting periods during which no royalties are accrued and paid by PRI.

6.5 In the event that PRI ceases doing business manufacturing and selling auxiliary coaters or shall be adjudged bankrupt, or becomes insolvent, or makes an assignment for the benefit of creditors, or voluntarily files a petition for liquidation, bankruptcy or reorganization pursuant to any federal or state laws or suffers the involuntary filing of any such petition, or is placed in the hands of a receiver or a trustee in bankruptcy, WPC shall have the right to terminate this Agreement by providing thirty (30) days written notice in advance to PRI.

6.6 The word "termination" as used in this Section VI and elsewhere in this Agreement is to be read, except where the contrary is specifically indicated, as omitting from its effect the following rights and obligations, all of which shall survive any termination to a degree necessary to permit their complete fulfillment or discharge:

(a) PRI's obligations to supply final or terminal reports as specified in paragraphs 4.2 and 4.4 hereof;

(b) WPC's right to receive or recover, and PRI's obligation to pay, royalties accrued or accruable for payment at the time of any termination;

(c) PRI's obligation to maintain books and records under paragraph 4.6 hereof;

(d) licenses running in favor of customers of PRI in regard to products sold by PRI prior to any termination and on which royalties shall have been paid as provided in paragraphs 4.1 and 4.2 hereof;

(e) any cause of action or claim of WPC accrued, or to accrue, because of any breach or default of PRI, and any cause of action or claim of PRI accrued, or to accrue, because of any breach or default of WPC; and,

(f) the negation of warranties, disclaimer and indemnity provisions of Section V

## **VII. Assignment and Transfer**

7.1 this Agreement or any of the rights or obligations created herein may be assigned in whole or in part, by WPC.

7.2 On giving thirty (30) days written notice to WPC, PRI may assign all of its rights and delegate all of its duties under this Agreement to a corporation, other than an original equipment manufacturer of printing presses, a subsidiary thereof or any other entity controlled by such manufacturer or with whom such manufacturer has a common director, which shall be prima facia evidence of such control but which may be overcome by substantial evidence,



acquiring all or substantially all of its assets and business, or to any corporate successor by way of merger or consolidation, provided that such assignee first delivers to WPC a written statement that the assignee assumes all of PRI's obligations under this Agreement and such assignee has been assigned all or substantially all of the patents and other intellectual property of PRI's officers, directors, shareholders and employees under which PRI operates. PRI may also assign all of its rights and delegate all of its duties hereunder to a corporation acquiring all or substantially all of the assets and business of PRI relating to auxiliary coaters for printing presses, if there is assigned as well, the patents and other intellectual property owned by PRI or any of its officers, directors, shareholders or employees relating to auxiliary coaters for printing presses; provided, however, that (a) PRI may not assign its rights under the foregoing provision to an original equipment manufacturer of printing presses, a subsidiary thereof or any other entity controlled by such manufacturer or with whom such manufacturer has a common director which shall be prima facie evidence of such control but which may be overcome by substantial evidence, (b) PRI first obtains the prior written consent of WPC to such assignment, which consent shall not be unreasonably withheld, and (c) such assignee first delivers to WPC a written statement that the assignee assumes all of PRI's obligations hereunder. Except as provided in the preceding sentences, PRI will not have the right to assign or transfer any of its rights or to delegate any of its duties under this Agreement without the prior written consent of WPC. Any purported assignment or transfer without such consent shall be void and shall automatically terminate all rights of PRI under this Agreement.

## **VIII. Notices**

8.1 All notices under this Agreement are to be given in writing and shall for all purposes be deemed to be given when sent by facsimile and deposited in the United States mail, if sent by certified mail, postage prepaid, or upon hand delivery, to the respective parties at the following addresses:

(a) WPC

Jerry Williamson, Chairman  
Williamson Printing Corporation  
6700 Denton Drive  
Dallas, Texas 75235

(b) PRI

Don Manning, Chief Financial Officer  
Printing Research, Inc.  
10954 Shady Trail  
Richardson, Texas 75220

With a copy to:

Howard W. DeMoore, Chairman  
Printing Research, Inc.  
10954 Shady Trail  
Richardson, Texas 75220

8.2 Either party may change its address for the purpose of this Agreement by giving the other party written notice of its new address.

## **IX. Marking**

9.1 PRI shall place in a conspicuous location, namely, the identification plate, on all LICENSED PRODUCTS made or SOLD by PRI the following marking: Manufactured For Use Under U.S. Patent No. 5,630,363. Such marking shall also include the number of any patent that

issues pursuant to U.S. Reissue Application serial number 09/315,796, and any continuation or divisional thereof.

**X. Notice of Third Party Infringement**

10.1 PRI shall promptly notify WPC in writing of any infringement it may believe exists of the LICENSED PATENTS.

10.2 PRI, and its officers, directors, employees and representatives, shall not encourage or promote any third party infringement of the LICENSED PATENTS.

**XI. Miscellaneous**

11.1 Unless otherwise expressly provided herein, the rights and remedies hereunder are in addition to, and not in limitation of, any other rights and remedies, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy.

11.2 In the event there is litigation or other judicial or administrative proceedings involving this Agreement, PRI shall reimburse WPC for all costs and expenses, including reasonable attorney's fees, incurred by WPC if WPC prevails in such litigation or proceedings. and WPC shall reimburse PRI for all costs and expenses, including reasonable attorney's fees, incurred by PRI if PRI prevails in such litigation or proceedings, to the extent such costs and expenses of either PRI or WPC, including reasonable attorneys fees of WPC or PRI, as appropriate, are recoverable under Tex. Civ. Proc. & Rem. Code §§38.001, et seq.

11.3 The parties agree that the exclusive jurisdiction and venue for any controversy, claim or suit arising out of or connected with this Agreement shall be in any court of competent jurisdiction in Dallas County, Texas and each of the parties hereby consents to the personal jurisdiction and venue of such court in connection with any such controversy, claim or suit

11.4 this Agreement supersedes all other agreements, whether oral or in writing, made with respect to the subject matter hereof and contains, together with the Settlement Agreement and Final Judgment on Consent entered into contemporaneously herewith, the entire agreement of the parties.

11.5 No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof, or waiver of any right or remedy herein provided, shall be effective for any purpose unless specifically set forth in a writing signed by the party to be bound thereby. No waiver of any right or remedy in regard to any occurrence or event on one occasion shall be deemed a waiver of such right or remedy in regard to such occurrence or event on any other occasion.

11.6 The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Texas, except for any conflict of law provisions that would require the application of the laws of any other state.

11.7 The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, provided however that the foregoing shall not be deemed to expand or otherwise affect the limitations on assignment and delegation set forth in Section VII, and no other person or business entity is intended to or shall have any right or interest under this Agreement, except as provided in Article VII.

11.8 Nothing in this Agreement shall be construed as creating or establishing a partnership or joint venture relationship between WPC and PRI.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives on the date first written above.

WILLIAMSON PRINTING CORPORATION

By \_\_\_\_\_

Title \_\_\_\_\_

PRINTING RESEARCH, INC.

By \_\_\_\_\_

Title \_\_\_\_\_

TOP SECRET

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2001 by Jesse S. Williamson, President of Williamson Printing Corporation, a Texas corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public in and for the State of Texas

STATE OF TEXAS       §  
                                  §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this \_\_\_\_\_ day of \_\_\_\_\_, 2001 by Dan L. Boyles, President of Printing Research, Inc., a Texas corporation, on behalf of said corporation.

\_\_\_\_\_  
Notary Public in and for the State of Texas

NOTARY PUBLIC

## **PATENT LICENSE AGREEMENT**

This Patent License Agreement (hereinafter referred to as "Agreement") is entered into and made effective as of December 1, 2000, by and between Williamson Printing Corporation, a Texas corporation having its principal offices at 6700 Denton Drive, Dallas, Texas (hereinafter referred to as "WPC") and Printing Research, Inc., a Texas corporation having its principal offices at 10954 Shady Trail, Dallas, Texas (hereinafter referred to as "PRI").

### **I. Background of Agreement**

1.1 WPC is the owner of United States Patent No. 5,630,363, entitled Combined Lithographic/Flexographic Printing Apparatus and Process, which issued on May 20, 1997, and of reissue application for the '363 patent, Serial No. 08/315,796, pending as of the execution of this Agreement.

1.2 PRI desires to acquire a non-exclusive license under United States Patent No. 5,630,363, and any reissue, continuation, continuation-in-part or divisional thereof, to manufacture products for sale, and sell products, to printing companies for use with the devices and methods covered by the claims of United States Patent No. 5,630,363.

1.3 The parties enter into this Agreement in consideration of the mutual covenants and promises contained herein.

### **II. Definitions**

As used herein, the following terms shall have the meanings set forth below:

2.1 LICENSED PATENTS means United States Patent No. 5,630,363 and all reissues, reexaminations, continuations, continuations in part, substitutes and extensions thereof, including any patent that issues from U.S. reissue application 09/315,796.

2.2 LICENSED PRODUCT means any auxiliary first station, or auxiliary interstation, printing or coating product, apparatus or equipment within any apparatus claim, or designed for use in a method covered by any method claim, of the LICENSED PATENTS, including, but not limited to, PRI's LITHOFLEX PRINTER/COATER, and the rebuilding, refurbishment or substantial repair thereof. The scope of LICENSED PRODUCTS is intended to include all products the manufacture, use or sale of which, in the absence of the license granted hereunder, would constitute an infringement within any one or more subsections of 35 U.S.C. §271. An auxiliary printer/coater that is not to be used interstation, and auxiliary dryers and drying equipment, are not LICENSED PRODUCTS; provided, however, if a printer/coater originally installed at the end of a press of any of PRI's customers is moved by PRI to an interstation location, such printer/coater shall be a LICENSED PRODUCT from the date of such relocation and PRI shall inform WPC that such printer/coater has been so moved, within thirty (30) days of the relocation, and PRI shall pay royalties on such unit pursuant to Section IV of this Agreement based on the original PRI price. PRI shall inform each of its end-of-press flexographic coater customers in the U.S. that a royalty on the original PRI price shall be due in the event such end-of-press coater is moved to an interstation location, and the customer shall notify PRI promptly in the event of such relocation. PRI, will in turn, notify WPC of such relocation in the next quarterly report, including Exhibit A.

2.3 LICENSED TERRITORY means the United States of America, its territories and its possessions.

2.4 LITHOFLEX PRINTER/COATER shall mean PRI's EZ Interstation Flexo Printer/Coater as designed and sold by PRI on the effective date hereof and as shown and



described on the first inside page of PRI's brochure entitled *The EZ Print/Coat Family*, a copy of which is attached hereto as Exhibit B and made a part hereof for all purposes.

2.5 NET SALES PRICE means the invoice or lease price, F.O.B. factory, less the following items, where applicable: reasonable charges for equipment installation; regular trade and quantity discounts actually allowed (but not cash discounts for early payment or sales agent's or representative's commissions); sales or use taxes actually paid; prepaid freight or transportation costs; and amounts refunded, allowed or credited in connection with shortages, returns or defective products within 120 days of the date of the original invoice (not to exceed the original invoice amount). Where products are not sold or leased, but are otherwise disposed of or transferred, the NET SALES PRICE of such products for the purposes of computing royalties shall be the greater of the selling price or lease price at which products of similar kind and quality, sold or leased in similar quantities, are currently being offered for sale or lease by PRI. Where such products are not currently being offered for sale by PRI, the NET SALES PRICE of products otherwise disposed of or transferred, for the purpose of computing royalties, shall be the average selling price at which products of similar kind and quality, sold in similar quantities, are then currently being offered for sale by other manufacturers.

2.6 SOLD shall mean the sale, lease, transfer or other disposition of a LICENSED PRODUCT for value by PRI, or any affiliates of PRI's, in the LICENSED TERRITORY. SOLD shall further mean the importation of a LICENSED PRODUCT into the LICENSED TERRITORY if such LICENSED PRODUCT (a) is made by or for PRI, either directly or indirectly, and (b) is sold, leased, transferred or otherwise disposed of for value, or used, in the LICENSED TERRITORY.

### **III. License Grant**

3.1 Subject to the terms and conditions hereof, WPC hereby grants to PRI, within the LICENSED TERRITORY, a nonexclusive license under the LICENSED PATENTS to make, have made, use only for research and marketing purposes, offer to sell and sell LICENSED PRODUCTS within the term of this Agreement. It is the intent of the parties that the scope of PRI's licensed activities pursuant to the foregoing license grant is equal to the combination of (a) the activities for which royalties are due and payable by PRI under paragraph 4.1 and (b) the activities exempted pursuant to paragraph 4.1.

3.2 The license granted pursuant to paragraph 3.1 does not include the right to grant sublicenses or the right to use LICENSED PRODUCTS in commercial printing operations.

### **IV. Royalties, Reports and Payments**

4.1 In consideration for the license granted under this Agreement, PRI shall pay royalties of six percent (6%) of the NET SALES PRICE of all LICENSED PRODUCTS SOLD by PRI, or any affiliates of PRI's, in the LICENSED TERRITORY. If four percent (4%) of the list price of the LICENSED PRODUCT as published by PRI and provided to WPC per this section exceeds 6% of the NET SALES PRICE, then PRI shall pay a minimum royalty of four percent 4% of the published list price. The current list price for LICENSED PRODUCTS will be provided to WPC upon execution of this Agreement, and will be provided with each quarterly report, including revisions and updates of said list prices. The royalty under this section (minimum royalty or 6%) is due at the end of the quarter in which PRI has received at least 90% of the NET SALES PRICE or one hundred twenty (120) days after the LICENSED PRODUCT is shipped, whichever is earlier. If PRI has collected between 90% and 100% of the NET SALES

PRICE within 120 days of shipment, it will pay WPC at the next quarter report 6% of the NET SALES PRICE or 6% of the monies received, whichever is lower. If PRI has not collected 90% of the NET SALES PRICE after 120 days after the LICENSED PRODUCT is shipped: (a) and receives thereafter an additional amount of the balance owed by the customer for the shipped LICENSED PRODUCT but less than 100% of the NET SALES PRICE, PRI shall pay WPC eight percent (8%) of said additional amount at the time the next quarterly payment is made hereunder, with the proviso that the total paid WPC does not exceed six percent (6%) of the NET SALES PRICE; or (b) and receives thereafter the balance of the NET SALES PRICE, PRI shall pay WPC the balance of the six percent (6%) royalties of the NET SALES PRICE not previously paid at the time the next quarterly payment is made hereunder. PRI is exempted from the payment of a royalty for any LICENSED PRODUCT made in the LICENSED TERRITORY and delivered outside the United States for the period said LICENSED PRODUCT is abroad; however, if said LICENSED PRODUCT reenters the United States within the term of this Agreement, regardless of how or by whom said LICENSED PRODUCT reenters the LICENSED TERRITORY, and said LICENSED PRODUCT is used in the LICENSED TERRITORY, such exemption shall end in the event that any of PRI's management obtain or receive actual knowledge, or with the exercise of reasonable care should know, of said reentry of said LICENSED PRODUCT into the United States. PRI shall pay the six percent (6%) or the applicable minimum royalty on said LICENSED PRODUCT that reenters the United States based on the original NET SALES PRICE in accordance with paragraph 4.2 of this Agreement. PRI is exempted from paying a royalty for a floor model prototype LICENSED PRODUCT that is installed at the facilities of PRI.

4.2 Not later than the last day of each January, April, July, and October, PRI shall furnish to WPC a written report of all amounts due pursuant to paragraph 4.1 hereof for the quarterly periods ended the last day of the preceding December, March, June and September, respectively, and shall pay to WPC all amounts due, including any interest owed pursuant to paragraph 4.3 hereof. The report shall provide such information as WPC may reasonably require, including at least (a) a listing of all LICENSED PRODUCTS SOLD by model, serial number and customer name, together with the date SOLD, (b) the invoice or lease price, the list price and the NET SALES PRICE, for each LICENSED PRODUCT SOLD, (c) a listing of all LICENSED PRODUCTS made, but not SOLD, and made, but delivered abroad, by model and serial number, and (d) the calculation of royalties owed to WPC. The report shall include a completed attachment in the form attached hereto as Exhibit A. If no payments are due for any quarterly period, a written statement to that effect shall be furnished to WPC. PRI shall make a final written report to WPC within thirty (30) days after the date of expiration of this Agreement and shall concurrently pay all amounts due to WPC. Except as required by lawful process or court order, WPC shall keep confidential all PRI information disclosed to WPC pursuant this Agreement pertaining to (a) exports of LICENSED PRODUCTS and (b) manufacture of LICENSED PRODUCTS not yet SOLD in the LICENSED TERRITORY; provided, however, WPC has the right to disclose said information to its counsel, the accountants identified in paragraph 4.6 and WPC's auditors and tax accountants.

4.3 Payments provided for in this Agreement, when overdue, shall bear interest at the lower of the maximum rate of commercial interest permitted under Texas law or at a rate per annum equal to one percent (1%) in excess of the "PRIME RATE" published by *The Wall Street*

*Journal* at the time such payment is due, and for the time period until payment is received by WPC.

4.4 If this Agreement is for any reason terminated before all of the payments herein provided for have been made, PRI shall within thirty (30) days submit a termination report and pay to WPC any remaining unpaid balance even though the due date as above provided has not been reached.

4.5 All amounts payable hereunder by PRI shall be payable in United States funds without deductions for taxes, assessments, fees, set-offs or charges of any kind or nature whatsoever. Checks should be made payable to Williamson Printing Corporation and mailed to WPC at the address specified in paragraph 8.1(a) hereof.

4.6 PRI shall keep full, true and accurate books and records containing all particulars which may be necessary for the purpose of showing the accuracy and completeness of all reports and the amount of royalty payments payable to WPC hereunder. Upon three (3) business days prior notice, PRI shall permit such books and records to be examined from time to time at PRI's offices during normal business hours by WPC's Chief Financial Officer, or assistant, or by an independent certified public accountant retained at WPC's expense to verify the accuracy of the reports and payments made hereunder by PRI. It is contemplated by the parties that such examinations or audits of PRI's books and records will be conducted approximately every six (6) months unless some irregularity in regard to the reporting of royalties hereunder occurs. PRI shall permit WPC or its designated representative to make copies of or extracts from PRI's books and records using PRI's copying equipment or facilities, at PRI's expense, in connection with any such examination. Such books and records shall be kept and maintained by PRI for at least four

(4) years following the end of the calendar year to which they pertain. In the event it is determined that PRI has understated the royalties due WPC, PRI shall pay all amounts due, together with any interest owed pursuant to paragraph 4.3 hereof, within ten (10) days after written notice of the underpayment, and PRI shall also pay at such time any and all expenses incurred by WPC in determining such underpayment, including reasonable certified public accountant and attorneys fees.

**V. Negation of Warranties, Disclaimer and Indemnity**

5.1 Nothing in this Agreement shall be construed or interpreted as:

(a) a warranty or representation by WPC as to the validity, enforceability or scope of the LICENSED PATENTS; or

(b) a warranty or representation by WPC that anything made, used, sold or otherwise disposed of under the license granted in this Agreement is or will be free of infringement or the like of the rights of third parties; or

(c) a requirement that WPC shall file or prosecute any patent application, secure any patent or utility model or maintain any patent or utility model in force; or

(d) an obligation by WPC to bring or prosecute actions or suits against third parties for infringement or the like; or

(e) an obligation by WPC to furnish any manufacturing or technical information; or

(f) conferring the right on PRI to use in advertising, publicity or otherwise any trademark or trade name of WPC; or

(g) granting by implication, estoppel or otherwise any licenses or rights under patents or utility models of WPC other than the LICENSED PATENTS.

(h) creating any other obligation on WPC, except as expressly set forth herein.

5.2 WPC MAKES NO REPRESENTATIONS, EXTENDS NO WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, AND ASSUMES NO RESPONSIBILITIES WHATSOEVER WITH RESPECT TO THE USE, SALE OR OTHER DISPOSITION BY PRI OR ITS CUSTOMERS, AND THEIR SUCCESSORS OR ASSIGNS, WITH REGARD TO PRODUCTS MADE, USED OR SOLD BY PRI OR ITS AFFILIATES, INCLUDING WITHOUT LIMITATION THE LICENSED PRODUCTS.

5.3 PRI shall assume all financial and service obligations for LICENSED PRODUCTS made, used or SOLD by it hereunder, and WPC shall not incur any liability or responsibility to PRI or to third parties for any failure in production, design, operation or otherwise for LICENSED PRODUCTS made, used or SOLD by PRI. In no event shall WPC be liable for incidental or consequential damages or contingent liabilities, including but not limited to lost profits, arising out of the failure of the LICENSED PRODUCTS or parts thereof to operate properly.

5.4 PRI shall defend, indemnify and hold harmless WPC, its directors, officers, shareholders, employees and agents, from and against all claims, causes of action, liabilities, demands, damages, expenses (including attorneys' fees of PRI) or losses arising out of or relating to (a) PRI's operations under this Agreement or (b) PRI's manufacture, use, offer to sell, sale or

other disposition of LICENSED PRODUCTS; provided, however, that WPC shall promptly notify PRI in writing of any such claim, cause of action, demand or loss, and shall, at WPC's expense, provide all reasonable assistance to PRI in connection with the defense of any such claim, cause of action, demand or loss, including, but not limited to, producing documents and making documents available for review by PRI's counsel and making witnesses available for consultation with PRI's counsel and for providing deposition and trial testimony, and providing further that PRI has the right to control the defense of any related litigation, including settlement thereof. Anything contained in this paragraph to the contrary notwithstanding, PRI shall have no obligation to indemnify, defend, or hold harmless WPC, its directors, officer, employees or agents, with respect to any claims, causes of action, liabilities, demand, damages, expenses (including attorney's fees) or losses arising out of or relating to any claim for infringement of any of United States Patents No. 4,934,305, No. 5,178,678 or No. 5,638,752 based on the manufacture, use, sale or offer for sale of the LITHOFLEX PRINTER/COATER.

5.5 WPC shall indemnify, defend and hold harmless PRI, its directors, officers, shareholders, employees and agents, from and against all claims, causes of action, liabilities, demands, damages, expenses (including attorneys' fees of WPC) or losses arising out of or relating to any claim that PRI's LITHOFLEX PRINTER/COATER used with or as a part of any method covered by any claim of the LICENSED PATENTS infringes the process or method claims of any United States patent of any third party having an effective filing date prior to the filing date of U.S. Patent No. 5,630,363; provided, however, that PRI shall promptly notify WPC in writing of any such claim, cause of action, demand or loss, and shall, at PRI's expense, provide all reasonable assistance to WPC in connection with the defense of any such claim, cause of



action, demand or loss, including but not limited to, producing documents and making documents available for review by WPC's counsel and making witnesses available for consultation with WPC's counsel and for providing deposition and trial testimony, and providing further that WPC has the right to control the defense of any related litigation, including settlement thereof. It is understood and agreed that WPC's obligations under this paragraph do not apply or extend to the patent rights of any third party on or relating to any apparatus, device or parts thereof, including, for example, anilox rollers, chambered doctors, trays, and flexographic plates. Anything contained in this paragraph to the contrary notwithstanding, WPC shall have no obligation to indemnify, defend, or hold harmless PRI, its directors, officers, employees or agents, with respect to any claims, causes of action, liabilities, demands, damages, expenses (including attorney's fees) or losses arising out of or relating to any claim for infringement of any of United States Patents No. 4,934,305, No. 5,178,678 or No. 5,638,752

## **VI. Term and Termination**

6.1 Unless terminated earlier as provided for herein, this Agreement shall remain in full force and effect until the date of expiration of the LICENSED PATENTS.

6.2 PRI shall have the right to terminate this Agreement at the end of any reporting period by giving WPC written notice of its election to do so at least ninety (90) days in advance

6.3 If at any time PRI fails to make royalty payments or fails to comply with any other material provision of this Agreement, WPC may, at its sole option, give notice of default under this paragraph, which notice shall specify the default or failure on which it is based. WPC shall have the right to terminate this Agreement by sending a notice of termination to PRI unless such default or failure is cured within sixty (60) days of the submission of such notice of default

Failure by WPC to give notice of default with respect to any such default or failure shall not be deemed a waiver of its right at a later date to give such notice if such default or failure continues or again occurs, or if another default or failure occurs. Material provisions of this Agreement shall include (a) the obligation to make timely royalty payments under paragraphs 4.1 and 4.2, (b) the obligation to keep full, true and accurate books and records under paragraph 4.6, (c) the duty to defend, indemnify and hold harmless under paragraph 5.4, (d) the duty to mark under paragraph 9.1, (e) the duty to inform WPC about third party infringement under paragraph 10.1, (f) the duty of loyalty under paragraph 10.2, and (g) the duty to inform WPC of material prior art under paragraph 10.3.

6.4 WPC shall have the right to terminate this Agreement at the end of any twelve (12) successive reporting periods during which no royalties are accrued and paid by PRI.

6.5 In the event that PRI ceases doing business manufacturing and selling auxiliary coaters or shall be adjudged bankrupt, or becomes insolvent, or makes an assignment for the benefit of creditors, or voluntarily files a petition for liquidation, bankruptcy or reorganization pursuant to any federal or state laws or suffers the involuntary filing of any such petition, or is placed in the hands of a receiver or a trustee in bankruptcy, WPC shall have the right to terminate this Agreement by providing thirty (30) days written notice in advance to PRI.

6.6 The word "termination" as used in this Section VI and elsewhere in this Agreement is to be read, except where the contrary is specifically indicated, as omitting from its effect the following rights and obligations, all of which shall survive any termination to a degree necessary to permit their complete fulfillment or discharge:

- (a) PRI's obligations to supply final or terminal reports as specified in paragraphs 4.2 and 4.4 hereof;
- (b) WPC's right to receive or recover, and PRI's obligation to pay, royalties accrued or accruable for payment at the time of any termination;
- (c) PRI's obligation to maintain books and records under paragraph 4.6 hereof;
- (d) licenses running in favor of customers of PRI in regard to products sold by PRI prior to any termination and on which royalties shall have been paid as provided in paragraphs 4.1 and 4.2 hereof;
- (e) any cause of action or claim of WPC accrued, or to accrue, because of any breach or default of PRI, and any cause of action or claim of PRI accrued, or to accrue, because of any breach or default of WPC; and,
- (f) the negation of warranties, disclaimer and indemnity provisions of Section V.

## **VII. Assignment and Transfer**

7.1 this Agreement or any of the rights or obligations created herein may be assigned, in whole or in part, by WPC.

7.2 On giving thirty (30) days written notice to WPC, PRI may assign all of its rights and delegate all of its duties under this Agreement to a corporation, other than an original equipment manufacturer of printing presses, a subsidiary thereof or any other entity controlled by such manufacturer or with whom such manufacturer has a common director, which shall be prima facie evidence of such control but which may be overcome by substantial evidence,

acquiring all or substantially all of its assets and business, or to any corporate successor by way of merger or consolidation, provided that such assignee first delivers to WPC a written statement that the assignee assumes all of PRI's obligations under this Agreement and such assignee has been assigned all or substantially all of the patents and other intellectual property of PRI's officers, directors, shareholders and employees under which PRI operates. PRI may also assign all of its rights and delegate all of its duties hereunder to a corporation acquiring all or substantially all of the assets and business of PRI relating to auxiliary coaters for printing presses, if there is assigned as well, the patents and other intellectual property owned by PRI or any of its officers, directors, shareholders or employees relating to auxiliary coaters for printing presses; provided, however, that (a) PRI may not assign its rights under the foregoing provision to an original equipment manufacturer of printing presses, a subsidiary thereof or any other entity controlled by such manufacturer or with whom such manufacturer has a common director which shall be prima facie evidence of such control but which may be overcome by substantial evidence, (b) PRI first obtains the prior written consent of WPC to such assignment, which consent shall not be unreasonably withheld, and (c) such assignee first delivers to WPC a written statement that the assignee assumes all of PRI's obligations hereunder. Except as provided in the preceding sentences, PRI will not have the right to assign or transfer any of its rights or to delegate any of its duties under this Agreement without the prior written consent of WPC. Any purported assignment or transfer without such consent shall be void and shall automatically terminate all rights of PRI under this Agreement.

## **VIII. Notices**

8.1 All notices under this Agreement are to be given in writing and shall for all purposes be deemed to be given when sent by facsimile and deposited in the United States mail, if sent by certified mail, postage prepaid, or upon hand delivery, to the respective parties at the following addresses:

(a) WPC

Jerry Williamson, Chairman  
Williamson Printing Corporation  
6700 Denton Drive  
Dallas, Texas 75235

(b) PRI

Don Manning, Chief Financial Officer  
Printing Research, Inc.  
10954 Shady Trail  
Richardson, Texas 75220

With a copy to:

Howard W. DeMoore, Chairman  
Printing Research, Inc.  
10954 Shady Trail  
Richardson, Texas 75220

8.2 Either party may change its address for the purpose of this Agreement by giving the other party written notice of its new address.

## **IX. Marking**

9.1 PRI shall place in a conspicuous location, namely, the identification plate, on all LICENSED PRODUCTS made or SOLD by PRI the following marking: Manufactured For Use Under U.S. Patent No. 5,630,363. Such marking shall also include the number of any patent that

issues pursuant to U.S. Reissue Application serial number 09/315,796, and any continuation or divisional thereof.

**X. Notice of Third Party Infringement**

10.1 PRI shall promptly notify WPC in writing of any infringement it may believe exists of the LICENSED PATENTS.

10.2 PRI, and its officers, directors, employees and representatives, shall not encourage or promote any third party infringement of the LICENSED PATENTS.

**XI. Miscellaneous**

11.1 Unless otherwise expressly provided herein, the rights and remedies hereunder are in addition to, and not in limitation of, any other rights and remedies, at law or in equity, and the exercise of one right or remedy will not be deemed a waiver of any other right or remedy.

11.2 In the event there is litigation or other judicial or administrative proceedings involving this Agreement, PRI shall reimburse WPC for all costs and expenses, including reasonable attorney's fees, incurred by WPC if WPC prevails in such litigation or proceedings, and WPC shall reimburse PRI for all costs and expenses, including reasonable attorney's fees, incurred by PRI if PRI prevails in such litigation or proceedings, to the extent such costs and expenses of either PRI or WPC, including reasonable attorneys fees of WPC or PRI, as appropriate, are recoverable under Tex. Civ. Proc. & Rem. Code §§38.001, et seq.

11.3 The parties agree that the exclusive jurisdiction and venue for any controversy, claim or suit arising out of or connected with this Agreement shall be in any court of competent jurisdiction in Dallas County, Texas and each of the parties hereby consents to the personal jurisdiction and venue of such court in connection with any such controversy, claim or suit.

11.4 this Agreement supersedes all other agreements, whether oral or in writing, made with respect to the subject matter hereof and contains, together with the Settlement Agreement and Final Judgment on Consent entered into contemporaneously herewith, the entire agreement of the parties.

11.5 No cancellation, modification, amendment, deletion, addition or other change in this Agreement or any provision hereof, or waiver of any right or remedy herein provided, shall be effective for any purpose unless specifically set forth in a writing signed by the party to be bound thereby. No waiver of any right or remedy in regard to any occurrence or event on one occasion shall be deemed a waiver of such right or remedy in regard to such occurrence or event on any other occasion.

11.6 The construction, interpretation and performance of this Agreement shall be governed by the laws of the State of Texas, except for any conflict of law provisions that would require the application of the laws of any other state.

11.7 The provisions of this Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, provided however that the foregoing shall not be deemed to expand or otherwise affect the limitations on assignment and delegation set forth in Section VII, and no other person or business entity is intended to or shall have any right or interest under this Agreement, except as provided in Article VII.

11.8 Nothing in this Agreement shall be construed as creating or establishing a partnership or joint venture relationship between WPC and PRI.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed in duplicate by their duly authorized representatives on the date first written above.

WILLIAMSON PRINTING CORPORATION

By

Title

*James S. Williamson*  
*President*

PRINTING RESEARCH, INC.

By

Title

*Harold W. Dwyer*  
*CHAIRMAN*

00115-0001



STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this 17 day of January, 2001 by Jesse S. Williamson, President of Williamson Printing Corporation, a Texas corporation, on behalf of said corporation.

Dee Burch

Notary Public in and for the State of Texas



STATE OF TEXAS       §  
                                 §  
COUNTY OF DALLAS   §

This instrument was acknowledged before me on this 16<sup>th</sup> day of January, 2001 by Dan L. Boyles, President of Printing Research, Inc., a Texas corporation, on behalf of said corporation. Howards Sherman, Chairman DeMorie

Linda Nottingham

Notary Public in and for the State of Texas

